



AMEND CLAIMS ON A SEPARATE PAGE AS SHOWN (9-23-04)

I claim:

1. Cancelled.

2. (Newly Added) A method for a card issuer to sell merchandise to a customer using a merchandise card, comprising the following steps:

using a remote terminal to activate and issue a card to a customer with an individual account identifier;

said customer enters cash value into a remote terminal operated by the card issuer to purchase a percentage of the merchant's inventory using a proxy method;

the card issuer completes the proxy sale by calculating and reporting the average historical costs associated with the sale of the merchant's inventory;

and at the time of debiting from the merchandise account, said purchased proxy merchandise may be exchanged for other merchandise from the merchant's inventory.